VERÖFFENTLICHUNGEN DES INSTITUTS
FÜR DEUTSCHES, EUROPÄISCHES
UND INTERNATIONALES MEDIZINRECHT,
GESUNDHEITSRECHT UND BIOETHIK
DER UNIVERSITÄTEN HEIDELBERG UND MANNHEIM

26

EIBE RIEDEL
Herausgeber

Social Security as a Human Right

Drafting a General Comment on Article 9 ICESCR – Some Challenges

Springer

Veröffentlichungen des Instituts
für Deutsches, Europäisches und Internationales Medizinrecht,
Gesundheitsrecht und Bioethik
der Universitäten Heidelberg und Mannheim 26

Herausgegeben von
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(Hrsg.)

Social Security as a Human Right

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ISSN 1617-1497

ISBN-10 3-540-31467-9 Springer Berlin Heidelberg New York
ISBN-13 978-3-540-31467-7 Springer Berlin Heidelberg New York

Bibliografische Information der Deutschen Nationalbibliothek
Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über http://dnb.d-nb.de abrufbar.

Springer ist ein Unternehmen von Springer Science+Business Media

springer.de

Production: LE-TEX Jelonek, Schmidt & Vöckler GbR, Leipzig
Cover-design: Erich Kirchner, Heidelberg

SPIN 11660866 64/3100YL - 5 4 3 2 1 0 Gedruckt auf säurefreiem Papier

I am indebted to the following organisations who supported the workshop that led to this volume.

The German Institute for Human Rights

Friedrich Ebert Foundation

Centre on Housing Rights and Evictions

University of Mannheim

Eibe Riedel

Preface

This book emerged from presentations made at the International Expert Workshop on Right to Social Security in Berlin, Germany, 6-7 April 2005. Hosted by the German Institute for Human Rights in cooperation with the Friedrich Ebert Foundation, University of Mannheim and the Centre on Housing Rights and Evictions (COHRE), the workshop brought together academics and practitioners from the fields of social security and human rights and offered a unique opportunity for an inter-disciplinary dialogue on the content and scope of the right to social security.

Discussions were particularly focused on the right to social security in Article 9 of the International Covenant on Economic, Social and Cultural Rights. It is the shortest provision in the Covenant and one that has attracted less than its fair share of attention in scholarly literature and amongst the deliberations of the Committee on Economic, Social and Cultural Rights. But experience has demonstrated that the quality of the State reporting to the Committee improves greatly after the adoption of a General Comment, and with the recent decision by the Committee to adopt a comment on the subject, it seems desirable to help close the gap with some considered reflections on the topic.

The opening chapters of the book by *Reynaud*, *Riedel* and *Langford* map out the practical and legal challenges in recognising and implementing the right and the value-added in taking a rights-based approach to social security. This legal analysis is complemented by *Liebenberg*, who explores the innovative judicial enforcement of the right to social security in South Africa, and *Kulke*, *López-Morales* and *Nußberger* who chart the contribution that the ILO framework on social security could make to our conceptual understanding of the right. The remaining chapters take up various practical and conceptual challenges. *Mueller* and *Bakvis* analyse the push for privatisation of social security schemes, *Sinha* considers the rights of women to social security in India, *Bolderson* takes up the rights of asylum seekers to equal access to social security in the United Kingdom while *McGillivray* analyses the nature and reasonableness of cutbacks to social security schemes. The book concludes with an overview of the rich and lively workshop discussion by *Bierweiler*.

I am indebted to the German Institute for Human Rights, and in particular to Heiner Bielefeldt, Frauke Seidensticker and Valentin Aichele, for coordinating the workshop. I am most grateful for the generous support of the Friedrich-Ebert Foundation and to Erfried Adam for his personal involvement and encouragement. Special thanks must go to Malcolm Langford of COHRE for his competent and energetic assistance in the planning and organisation of the workshop and in the editing of this volume.

At the University of Mannheim, my warmest gratitude is extended to Alexia Bierweiler (Senior Research Assistant), who worked untiringly and diligently in editing and preparing this volume. She was ably assisted by Lukas Metzger, Dr. Dirk Hanschel, Jan Arend, Dr. Sebastian Graf Kielmansegg and Christel Selzer. I also wish to thank the Springer Verlag, Heidelberg, and Ms. Brigitte Reschke for her supervision of the publication.

Mannheim, September 2006 Eibe Riedel

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The Right to Social Security – Current Challenges in International Perspective

Emmanuel Reynaud*

Several international instruments affirm that every human being has the right to social security. They all were adopted between the end of World War II and the mid-1960s. The Declaration of Philadelphia, adopted in 1944 by the International Labour Conference, recognised ILO's obligation 'to further among nations of the world programmes which will achieve … the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care' (para. III (f)). The Universal Declaration of Human Rights, adopted in 1948, states that 'everyone, as a member of society, has the right to social security …' (article 22) and refers explicitly to several specific rights (article 25). The International Covenant on Economic, Social and Cultural Rights, in 1966, recognises 'the right of everyone to social security, including social insurance' (article 9).

ILO's social security conventions constitute technical extensions dealing with the practical implementation of this right.[1] The most important of these conventions is the Social Security (Minimum Standards) Convention, 1952 (No. 102). It defines nine branches of social security and the corresponding contingencies covered: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit. In addition, it introduces the idea of a general social security minimum level that must be achieved by all member States. To take into account the different national situations, it contains flexibility clauses in terms of the population covered as well as the scope and level of benefits provided. In other words, Convention No. 102 derives from the international instruments that affirm the right of everyone to social security, but at the same time it recognises the major practical difficulties in actually implementing this right in the various social realities that prevail worldwide.

Since World War II and the following two decades, where these important international instruments were adopted, the world has undergone profound transformations and social security systems are facing today multiple challenges. This

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1 For a clear review of these standards, see: Martine Humblet and Rosinda Silva, *Standards for the XXI^st Century – Social Security* (ILO, 2002).

is true for the developed as well as for the developing countries. This paper begins by describing the main characteristics of the complete change of context that affects social security issues. Then, it turns to the challenges involved in adapting the existing systems providing social security. Finally, it deals with the dramatic lack of social security coverage that affects most countries in the developing world.[2]

1. A Complete Change of Context

The context in which social security issues arise today has changed dramatically since the post-war era when international instruments establishing the right to social security were adopted. This includes economic, social and political transformations as well as a doctrinal shift in mainstream economics.

1.1 Economic, Social and Political Transformations

During the past three decades, the world has undergone major economic, social and political transformations. These wide-ranging changes are multi-faceted and their combination created a totally different overall context. In industrialised countries, the wage earner model based on a male breadwinner in full-time employment has given way to a much less standard situation and, in developing countries, it has not spread to the extent that was expected; the informal economy has strongly increased in many of them. Concern over poverty and social exclusion has been significantly renewed, even in the wealthiest countries. Relations between men and women have undergone profound changes. Gender equality has become, during this period an increasingly important political objective. In addition, most industrialised countries experienced exceptionally rapid changes in family structure and marriage patterns, including rising rates of divorces, birth out of marriage and single-parent families. These trends also affect many developing countries, even if to a lesser extent.[3]

On a more global level, the period witnessed the collapse of communist regimes and the related expansion of the market economy. There has also been a re-

[2] The meaning of social security is regularly questioned. There is no well-established definition. In this paper, social security is defined as the protection a society provides to individuals and households to ensure access to health care and to guarantee income security. This broad definition derives from the objectives laid down in the Declaration of Philadelphia. In addition, social security and social protection will be considered as synonyms (which is generally the common understanding, especially in Europe). To avoid the confusion between the objective (social security) and the instruments (e.g., social security institutions), it can be for example useful to speak of social protection systems that provide social security.

[3] See: ILO, *World Labour Report 2000: Income Security and Social Protection in a Changing World* (ILO, 2000) at 32-34.

newed process of globalisation of the economy, which came about through the combined effect of policy decisions to reduce national barriers to international economic transactions and the impact of new technology in the sphere of information and communications.[4] It is characterised by the liberalisation of international trade, the expansion of foreign investment and the emergence of massive cross-border financial flows. It resulted in increased competition in global markets. This created new opportunities for the production of goods and services, but it also involved heavy social costs and introduced new and major instabilities. One of the most patent examples is the increase in frequency of financial crises in developing countries. The Asian financial crisis of 1997-98 showed that even countries with excellent past records of economic performance can suffer widespread social distress.[5]

Health disasters have also taken on a new dimension during the last decades with the development of the HIV/AIDS pandemic, especially dramatic in sub-Saharan Africa. Another change with a major impact in the field of social security is the ageing of the population. This is due to the combine effect of falling fertility rates and increasing life expectancy. In terms of social security provision, this represents an immediate concern in industrialised countries, but the issue will gradually spread as population is rapidly ageing in most parts of the world.[6]

By and large, the profound economic, social and political transformations experienced during the three last decades have created new forms of insecurity and uncertainties. This is leading to a growing sense of insecurity among people all around the world, including in rich countries where reference is made increasingly to 'social insecurity'.[7]

1.2 A Doctrinal Shift in Mainstream Economics

Parallel to these transformations, and strongly influencing them, there was a doctrinal shift in mainstream economics during this period. In short, there has been a movement away from Keynesianism, where economic and social objectives where seen as reinforcing each other, to a neoclassicism that privileges tight fiscal and monetary rules and open competition and where social protection expenditure tends to be seen as conflicting with economic objectives. This shift played a key role in the emergence of the current globalisation process. It also had major implications in the field of social security. In this domain, the recommendation deriving from the prevailing neoclassical theory consists in reducing taxes and social security contributions, shrinking the overall role of the state and fostering individual responsibility through the promotion of private arrangements. This thinking was

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[4] See: World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating opportunities for all* (ILO, 2004) at 24-49.

[5] See: Eddy Lee, *The Asian Financial Crisis: The challenge for social policy* (ILO, 1998).

[6] See: ILO, *World Labour Report 2000* (ILO, 2000) at 37-39.

[7] See, for example, Robert Castel, *L'insécurité sociale: qu'est-ce qu'être protégé ?* (La République des Idées/Le Seuil, 2003).

influential in industrialised countries, even though the existing social protection systems demonstrated probably a stronger resilience than expected and public social expenditure did not really drop (in some countries it even continued to grow). Still, it was instrumental in determining new policy approaches, for example in the European Union, especially after the introduction of the European Monetary Union and the adoption of the Stability and Growth Pact.

In developing countries, the new neoclassical doctrine played a central role in shaping the economic, social and political development since the early 1980s. The World Bank and the IMF translated it into policy recommendations that they imposed on indebted developing countries seeking assistance to confront their debt crisis. This led to structural adjustment programmes that systematically downplayed the role of the state and had major implications for social security systems and the provision of health care, in particular in most countries governments could no longer guarantee access to free health care. The change in views with regard to the previous period and the pre-eminence of the new doctrine in development policies were so overwhelming that it was encapsulated in the idea that a new worldwide consensus was reached, the 'Washington consensus'.[8]

In the social security field, the shift in mainstream economics thinking had also a very specific and decisive influence on pension issues with the design by the World Bank of a new pension model, the three-pillar model.[9] This model became a new reference point and the World Bank has taken a leading international role in pension reforms (indeed, it has overshadowed the ILO which was the leading international agency on this subject during the previous period). Basically, this model allots a residual role to the state and a limited scope for solidarity (confined to the first pillar) and relies extensively on mandatory privately managed arrangements (second pillar), with special emphasis on individual savings accounts. This new form of social security has been implemented in several countries, especially in Latin America and Central and Eastern Europe. The World Bank made recently a critical assessment of the results achieved in Latin America and, more generally, of the assistance it has given to 68 countries in reforming their pension systems between 1984 and 2004[10]. In 2005, it also reformulated its multi-pillar model.[11] The major difference consists in the addition of a basic non-contributory component ('zero pillar') to alleviate old-age poverty.

The World Bank approach to pension systems carries a new vision of social security objectives limited to poverty reduction and consumption smoothing. This

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8 For the initial definition of the term, see: John Williamson, 'What Washington Means by Policy Reform', in John Williamson (ed.) *Latin America Adjustment: How Much Has Happened?* (Institute for International Economics, 1990).

9 See: World Bank, *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth* (Oxford University Press, 1994).

10 See: Indermit S. Gill, Truman Packard and Juan Yermo, *Keeping the Promise of Social Security in Latin America* (World Bank, 2004); Independent Evaluation Group – World Bank, *Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance* (World Bank, 2006).

11 Robert Holzmann and Richard Hinz, *Old-Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform* (World Bank, 2005).

means that other objectives, which were previously considered essential (and which are still viewed by the ILO as being crucial), are neglected. These include protection against the uncertainties of life in a market economy, implementing principles of justice (e.g., redistribution and gender equality), strengthening social cohesion, promoting social inclusion and democracy. In addition, the influence of the World Bank and neoclassical economics thinking on social security issues led to the emergence of the financial institutions (banks, insurance companies, pension industry) as a new set of actors in the field. They represent extremely powerful and influential players and constitute a major interest group that can create a prejudicial imbalance in political decisions.

On the whole, in this totally renewed context, there are today two main types of challenges in the field of social security: to adapt the existing systems to the new risks and needs and to tackle the dramatic lack of coverage in most developing countries.

2. Adapting Existing Social Protection Systems to New Needs

In the industrialised countries, the current social protection systems were mostly set up and developed during the post-World War II period. The socio-economic circumstances today are drastically different. The economy has entered a post-industrial era, new risks and new needs have emerged and there have been serious concerns expressed with regard to the capacity of industrialised countries to maintain their comprehensive social protection systems, their 'Welfare States', in the future. Still, these have shown a strong resilience and have already undergone wide transformations since the beginning of the 1980s.[12]

2.1 New Context, New Needs and Main Transformations Under Way

The move towards a post-industrial economy has major implications for the functioning of social protection systems and social security needs. The emerging service-dominated economy creates greater inequalities and is potentially dualistic with the parallel development of high-skilled and low-end jobs. It produces substantial long-term unemployment, job insecurity, low-paid jobs, poverty and social exclusion. In addition, it leaves less scope for productivity increases, which were essential to finance social protection systems during the three post-war decades. Moreover, the process of globalisation has created greater insecurity and puts pressure on governments and companies to reduce labour costs (including social

[12] For a comprehensive overview, see: Hedva Sarfati and Giuliano Bonoli (eds.), *Labour Market and Social Protection Reforms in International Perspective: Parallel or converging tracks?* (Ashgate, 2002). For the priorities in the context of the EU, see: Gøsta Esping-Andersen (ed.), *Why We Need a New Welfare State* (Oxford University Press, 2002).

security contributions). It means increased competition, between companies (on costs) as well as between states (on taxes). The threat to transfer capital or production abroad to reduce costs is a credible and potent lever.

Relationships between men and women have undergone profound transformation during the last three decades. Gender equality is now established as an objective to achieve and changes in family structure and marriage patterns have created new forms of insecurity. This calls for adapting social protection systems that were based on assumptions about family structure and gender roles which do not reflect present reality (the male breadwinner model where the woman is a dependent undertaking unpaid caring and domestic work). In addition, social protection systems are faced with a demographic challenge related to the ageing of the population. Two major changes are affecting dramatically the financing of pension schemes: the baby-boom generation will gradually retire (starting in 2005) and life expectancy at the age of retirement will probably continue to increase steadily (about 1.5 year by decade). Population ageing has also major implications for the financing of health care and the provision of long-term care and home help services.

Moreover, social protection systems are confronted with new social aspirations. Notably, there are very strong expectations with regard to retirement, especially in Europe. This is due to the very existence and success of pension systems. Retirement is a major achievement of industrialised democracies in the twentieth century: a period of security and leisure outside of work available to many. There is also a growing importance given to individual choices and diversity.

Since the beginning of the 1980s, social protection systems have undergone wide transformations in industrialised countries to adapt to the new context. There has been a diversity of approaches, but there is still a common trend to emphasise employment promotion and to downplay the role of income maintenance, which was the key element of social protection in the previous period. This includes so-called 'active' measures (meaning for example training and life-long learning) to facilitate and encourage access to the labour market for specific groups, especially women, long-term unemployed and persons with disabilities; these measures being combined with reinforcing work incentives ('to make work pay' as it was summed up in EU policies). The extreme of this approach was implemented in English-speaking countries through what became known as workfare schemes, where working is a conditionality for receiving benefits. In other words, the right to benefits depends on the requirement to work to force benefit recipients into employment. In addition, several countries introduced minimum income schemes to reduce poverty and promote social inclusion.[13]

In brief, the current challenge for social protection systems is two-fold: providing adequate protection in a context of heightened uncertainties in the labour market and fighting against poverty and social exclusion, especially to avoid processes of entrapment in deprivation and exclusion. On the one hand, this means to reconcile mobility and protection, which has, for example, been encapsulated in the term 'flexicurity'. On the other hand, there is a pressing need to combine income

[13] See: Guy Standing (ed.), *Minimum Income Schemes in Europe* (ILO, 2003).

maintenance guarantee with inclusion policies and it should be stressed that adequate income maintenance is a precondition for any type of long-term inclusive strategy.

Moreover, social protection systems in industrialised countries are confronted with a serious pension challenge. Old age and survivors pensions represent the major public social security expenditure in almost all these countries and there is special concern with regard to their financial sustainability.

2.2 The Pension Challenge

To ensure the financial sustainability of pension systems in industrialised countries involves not only a demographic challenge (the ageing of the population), but also a labour market challenge. The prospect of population ageing should not overshadow the fact that a rising number of persons of working age are inactive. Employment is key in financing pensions. In all financing methods, pensions are paid out from the production of the working population, either through taxes and social contributions revenues or investment returns from bonds and equities. The different methods are just alternative ways for working age individuals to register a claim on future production. It is widely agreed now that both pay-as-you-go and advance-funded schemes are affected by population ageing and that there is no way out but to face an increase in the cost of supporting the retirees. The main policy challenge posed by population ageing is in fact distributional: how to allocate the rising cost of pensions within and between generations?

An overarching issue in the pension debate relates to the level of public expenditure. It is an issue of prioritisation between different policy objectives for public spending in a context of high financial constraints. There is a shared objective amongst governments in industrialised countries to limit public expenditure and this is coupled with strong pressure on labour costs (including social security contributions) by globalisation. This reduces drastically the flexibility in the pension debate to tackle the distributive challenge. To stabilise public finances, most governments are making efforts to shift pension costs off the public budget in favouring the development of supplementary private provision. But cost shifting to the private sector does not solve the distributive challenge of allocating the additional pension costs. It is the entire pension budget, public and private costs, which needs to be taken into account. Favourable tax regimes available to private schemes call for giving them explicit social goals and not have them, as is often the case, benefit the part of the working population that needs less support. Tax expenditure is an increasing means to finance pension and it should be an essential and explicit component of the pension debate. Moreover, relying on private provision can mean shifting the risk to the individual, especially in defined-contribution arrangements. The long-term implications that could arise are shown in the example of the UK, where the Independent Pensions Commission estimates that around 9.6

million people aged 35 and over in work are not currently contributing at a level required to provide adequate pensions.[14]

There is broad agreement amongst policy-makers and analysts that extending the working life by postponing retirement is a necessity in the long run. The case is made that it is a logical response to the fact that people are living longer. But in most countries it is politically extremely difficult to implement such a solution. Increasing the retirement age is probably one of the least, if not the least popular reform option. The situation is even more complex in that the issue is not only to increase the legal retirement age, but also to increase the *actual* retirement age. As of today, in many countries, a vast proportion of workers are no longer in regular employment when they get their pension paid. On the whole, there is wide consensus that solutions to the pension challenge should be sought above all through measures to increase employment rates, notably of women, older workers, youth and persons with disabilities.

In addition, the protection package provided by pension systems has to be redesigned to reflect the profound changes underway in industrialised societies. A main policy issue is to design a system which corresponds to upcoming security needs in old age. It is crucial here to adopt a dynamic perspective. Time is a key factor for pension issues. Tomorrow's retirees will have on average very different career profiles and family patterns than today's. The same generational life course logic cannot be applied to them. The pension system should reflect this change, and the protection it provides should be redefined to respond to the future security needs in old age of current young workers. This policy objective calls for a relatively long transition period for the gradual introduction of the new measures to take account of the generational differences. Moreover, a general tendency in recent pension reforms is to achieve more transparency with regard to the redistribution mechanism operated by the system. This increased transparency brings explicitly into the political arena the issues of how much redistribution, for whom and financed by whom. In that respect, two issues deserve special attention: gender equality, as women tend to be major losers in previous reforms, and the possibility of introducing an adequate minimum pension to respond to the tendency of the new service-dominated economy to produce more uncertainties and wage inequalities.

Special mention should be made to the partial privatisation of public schemes. Some countries in Central and Eastern Europe, which had achieved full pension coverage under communist regimes, adopted radical reforms in the late 1990s. These reforms meant scaling down social insurance in favour of privately managed individual savings accounts. This is especially the case of Poland and Hungary.[15] Early experience shows that this approach poses several problems and brings a new set of challenges. First, the individual savings accounts are built up

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14 See: Pensions Commission, *Pensions: Challenges and Choices: The First Report of the Pensions Commission* (The Stationary Office, 2004).

15 See: Elaine Fultz (ed.), *Pension Reform in Central and Eastern Europe, Volume 1: Restructuring with Privatisation: Case Studies of Hungary and Poland* (Budapest: ILO, 2002).

by diverting a portion of existing pension contributions to the privatised tier. This creates a 'hole' in the financing of the public pension scheme, which must continue to meet the benefit obligations earned in earlier periods. The size of this hole is important, it ranges between 0.5 and 2.5 per cent of GDP per year for the next fifty years, and it raises the question of who will have to bear the burden. Second, although privatisation was promoted as a means to reduce state involvement, experience points to the need for governments to perform many new and complex tasks. Among these, a crucial one is to ensure that administrative charges are kept to a reasonable level and do not erode pension savings (the problem is particularly urgent as the charges are currently high in the countries concerned). Third, privatisation requires stable and well-developed financial markets as well as a properly regulated and supervised annuity market. Fourth, there are serious concerns related to the adequacy of future pensions, especially for women and low-income workers. Privatisation, combined with a more individualised public pension scheme, will increase the risk of poverty in old age for these two groups. This is a challenge that governments will very likely have to face in the coming years.

2.3 Reform Process and Democratic Participation

Adapting social protection systems represents major and very diverse challenges. Some measures have already been taken, but in most countries much still needs to be done. Emphasis is generally given to the technical aspects of the reforms, while the actual process of definition and implementation of the reform itself is overlooked. Yet it is a key factor, as there is no standard solution to the series of policy issues involved in pension reform as well as in other social protection areas. Each society needs to define its own way to respond to the various challenges posed by the adaptation of existing social protection systems. The quality of the reform process is crucial. This is especially true in the field of pensions.[16] Pensions play a very specific role in contemporary democracies. They are a major aspect of the security which industrialised societies provide to their citizens and they have to be guaranteed over the very long term. To avoid conflict between this long-term perspective and the relatively short-term political alternation typical of parliamentary democracies, it is essential for the sustainability of the system to arrive at a consensus among political and social forces. The involvement of employers' and workers' organisations, which embody the major economic and social interests at stake, is particularly important in the process.

By and large, in industrial democracies, social protection systems are potent instruments to make collective choices concerning the actual implementation of principles of justice and the concretisation of rights set in their constitutions. What is essential is to provide ways and means for making these collective policy choices and ensure wide democratic participation in the decision-making process. Social protection systems were developed in the last century to protect people against the harshness of market forces and they appeared to be a necessary ingre-

[16] See: Emmanuel Reynaud (ed.), *Social Dialogue and Pension Reform* (ILO, 2000).

dient of a well-functioning market economy. This lesson from history should not be forgotten within industrialised countries, but it is also equally relevant for developing countries.

3. Lack of Social Security Coverage Worldwide

The key global challenge facing social security today is the fact that more than half the world's population is excluded from any type of social security protection. They are covered neither by a contribution-based social insurance scheme nor by tax-financed social benefits, while a significant additional proportion is covered for only a few contingencies. The situation varies among the different regions. In sub-Saharan Africa and South Asia, it is estimated that only 5 to 10 per cent of the active population is covered by a statutory social security scheme, most of these being old-age pension schemes, and in some cases access to health care, but coverage is tending to decrease. In Latin America coverage ranges from 10 to 80 per cent according to the country, and is mainly stagnating. In South East and East Asia, it can vary from 10 per cent to almost 100 per cent, and in many cases was until recently increasing. In most industrialised countries, coverage is close to 100 per cent, although in a number of these countries, especially those in transition, compliance rates have fallen in recent years. In general, it can be taken that only 20 per cent of the world's population has adequate social security.

3.1 A Growing Problem and a Growing Need

The problem of low coverage in the developing world is not a new one, especially in countries where large numbers of people work in subsistence agriculture. However, hopes that the developed country models might gradually spread to developing countries have been disappointed. The issue of lack of social security coverage has taken a dramatic new dimension with the growing proportion of the urban labour force working in the informal economy. In many developing countries, and particularly in Latin America and Africa, most of the jobs created during the last decade have been in the informal economy.[17] Today, informal employment comprises between one-half and three-quarters of non-agricultural employment in developing countries: 48 per cent in North Africa, 51 per cent in Latin America, 65 per cent in Asia and 72 per cent in sub-Saharan Africa (78 per cent if South Africa is excluded). If informal employment in agriculture is included in the estimates, the proportion of informal employment increases significantly: from 83 per cent to 93 per cent in India, from 55 per cent to 62 per cent in Mexico and from 23 per cent to 34 per cent in South Africa.[18] Informalisation is such a widespread phenomenon that the informal economy cannot be considered as a 'sector' as such. It

[17] See: ILO, *Decent Work and the Informal Economy* (Report VI, International Labour Conference, 90th Session, 2002).

[18] See: ILO, *Women and Men in the Informal Economy: A statistical picture* (ILO, 2002).

is to be found in all sectors. Informal employment is comprised of both self-employed in informal enterprises and wage employment in informal jobs. Moreover, informal employment is generally a larger source of employment for women than men (except in North Africa): 60 per cent or more of women workers in the developing world are in informal employment (outside of agriculture).

The paradox is that the lack of coverage is concentrated where social security protection is most needed. Here, the historical experience of industrialised countries is very relevant. The current situation in the developing world calls to mind the 'double movement' described by Karl Polanyi where, in 19th century England, the laissez-faire movement to expand the scope of the market was confronted by a protective countermovement, involving all groups in society, to resist the disembedding of the economy from social relations.[19] In that context, the establishment of social protection arrangements is seen as a protective reaction to the attempt of transforming human labour into a commodity. Today in developing countries, the traditional forms of protection provided by the extended family and the community have been eroded with the process of urbanisation and industrialisation. There is an urgent need for new forms of collective arrangements to ensure the protection of individuals who can no longer rely on traditional solidarity networks. This was well exemplified by the Asian financial crisis of 1997-98.[20] The underdevelopment of social protection systems in the three most affected countries – Indonesia, Thailand and the Republic of Korea (especially in the two former) – was a major element of the widespread social distress that hit these countries. It evidences that successful economic performance cannot by itself ensure the well-being of a society and the security of people. It calls for rethinking a model of development primarily based on economic development.

Even though the lack of social security protection is a wide-ranging phenomenon in developing countries, there are many attempts throughout the world to improve the situation and successes have been achieved in extending coverage.[21]

3.2 Experiences in Extending Social Security

A large variety of policies and institutions are available to extend social security coverage. Statutory schemes (i.e., social insurance, universal schemes and social assistance programmes) can extend existing or modified benefits to previously ex-

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[19] Karl Polanyi, *The Great Transformation: The Political and Economical Origins of Our Time* (Beacon Press, 1944).

[20] See: Eddy Lee, *The Asian Financial Crisis: The challenge for social policy* (ILO, 1998).

[21] The ILO publishes a working paper series on the extension of social security (ESS Papers), available on www.ilo.org/coverage4all. For general overviews, see: Emmanuel Reynaud, *The Extension of Social Security Coverage: The approach of the International Labour Office* (ESS Paper No. 3, 2002); Wouter van Ginneken, *Extending Social Security: Policies for developing countries* (ESS Paper No. 13, 2003); Clive Bailey, *Extending Social Security Coverage in Africa* (ESS Paper No. 20, 2004); K.P. Kannan, *Social Security, Poverty Reduction and Development* (ESS Paper No. 21, 2004).